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TAGS: PREL PGOV HR

SUBJECT: INITIAL RESULTS OF CROATIA'S ELECTIONS: RULING HDZ HAS THE EDGE, BUT SDP ALSO HAS A CHANCE TO FORM GOVERNING MAJORITY -- PEASANTS' PARTY HOLDS THE KEY

REF: ZAGREB 1029 AND PREVIOUS

Classified By: Rick Holtzapple, POL/ECON, Reasons 1.4 B/D

¶1. (U) With 95 percent of precincts reporting, the unofficial results from Croatia's November 25 parliamentary elections show the ruling Croatian Democratic Union (HDZ) won 61 seats within Croatia, while the rival Social Democratic Party (SDP) won 56. The HDZ has also likely won 5 seats for representatives of the diaspora, bringing HDZ's total in the next Sabor to 66 seats. Turnout was 64%, down from 69% in ¶2004. While some minor irregularities in the vote, particularly regarding technical arrangements for diaspora and ethnic minority voting, were noted, we have heard of no accusations so far that would materially affect the result. The State Elections' Commission has determined, however, that the vote will need to be re-run on December 9th in three small districts where a couple more ballots were cast than voters' names marked on the registry. While these re-runs will not have an impact on the overall results of the elections, they will delay the official results of the elections until at least December 13.

¶2. (U) As predicted (reftel), the key issue is which party will be able to assemble a majority of seats in a governing coalition. In the coming days, President Mesic has announced he will consult with all parties represented in the Sabor to learn which party, the HDZ or the SDP, has the best chance of assembling at least 77 representatives in a coalition. The HDZ should start coalition negotiations with 66 seats; and the SDP, together with its natural coalition partners, the Croatian People's Party (HNS - 7 seats) and the Istrian Democratic Party (IDS - 3 seats), should also hold a total of 66 seats. Either group, however, still needs at least three additional parties to join them in a coalition to add the necessary ten or twelve seats for a majority.

¶3. (SBU) The most important of these minnow-sized "king-makers" will be the Croatian Peasants' Party (HSS), which should have six seats. HSS President Friscic has sent mixed messages. On the one hand, he has said the HSS platform, which includes, inter alia, support for holding a referendum on NATO membership prior to joining the Alliance, is closer to the SDP's views. Yet on election night both he and HSS Vice-President Pankretic stated that the HSS would first negotiate about a coalition with whichever party won a majority of the domestic seats in the Sabor (i.e., not including the diaspora representatives), which would mean with the HDZ. We expect that intense contacts between the HSS and both the HDZ and SDP are underway today.

¶4. (C) While mathematically possible, it is very unlikely that any coalition would be formed without the HSS, as both the HDZ and SDP would prefer to avoid a coalition with any of the four far-right representatives of the Croatian Party of Right (HSP - 1 seat) or the party of domestically indicted war criminal Branimir Glavas (HDSSB - 3 seats). Less crucial than the HSS, but also a factor in the coalition negotiations will be the 3 seats of the Croatian Serb SDSS party, led by Milorad Pupovac. Like Friscic of the HSS, Pupovac has indicated greater political affinity for the SDP, but we believe the SDSS will be very cautious about tilting government control away from an HDZ party that has won a plurality even among Croatian domestic voters.

¶5. (SBU) As noted, coalition negotiations are already underway. Given the tight result, Mesic has indicated that he will most likely wait until all potential protest periods have passed before providing a mandate to either party to form a coalition. This would imply no final decision until the week of December 3 at the earliest.

¶6. (C) COMMENT: While the HDZ vote slipped slightly, it appears to have held on to precisely the same number of seats it held in the last parliament. What has changed is the continued growth in the strength of the opposition SDP, which has increased its numbers by some two dozen, largely at the expense of smaller parties such as the HNS and HSS. Extreme parties and narrowly interest-based parties also did poorly. The Pensioners' Party lost two seats to end with a lone seat. Glavas' success in Slavonija is essentially a local phenomenon that, while troubling, is unlikely to have lasting effects on Croatian politics, other than to have contributed to the implosion of the only nationally-organized far-right movement, the HSP. An SDP coalition may be marginally more

ZAGREB 00001036 002 OF 002

attractive to the HSS as a way of slowing Croatia's evolution toward a two-party system, but in either case the government's agenda will be set to an enormous degree by the coalition's dominant party, whether HDZ or SDP. END COMMENT.

¶7. (SBU) Suggested Press Guidance: While the HDZ appears to have the edge, we believe it would be premature to yet congratulate them on a victory. Therefore, if the issue is raised at the daily press briefing, Post would suggest the following response: "We congratulate the people of Croatia on their successful elections on November 25. We look forward to working with the new government, when it is formed, to continue our joint efforts to promote stability and reforms throughout the entire Southeast European region."

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